



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

APR 22 2014

OFFICE OF
SOLID WASTE AND
EMERGENCY RESPONSE

MEMORANDUM

SUBJECT: Report to EPA Senior Management on the Activities of the Special Accounts Senior Management Committee in 2013

FROM: James E. Woolford, Director
Office of Superfund Remediation and Technology Innovation

TO: Mathy Stanislaus, Assistant Administrator
Office of Solid Waste and Emergency Response

Cynthia Giles, Assistant Administrator
Office of Enforcement and Compliance Assurance

Maryann Froehlich, Acting Chief Financial Officer
Office of the Chief Financial Officer

Ron Curry, Regional Administrator
Region 6

Judith Enck, Regional Administrator
Region 2

On behalf of the Special Accounts Senior Management Committee (SASMC), I am providing this report on the activities of the SASMC for calendar year 2013 in accordance with the charter establishing the SASMC.¹ This report covers activities of the SASMC from January 1, 2013 through December 31, 2013.

Background

The Superfund program is responsible for identifying and cleaning up abandoned hazardous waste sites. As part of EPA's "enforcement first" policy, the Agency pursues responsible parties requiring them to conduct or finance cleanups. Potentially responsible parties (PRPs) may finance cleanups by entering

¹ The charter establishing the Special Accounts Senior Management Committee can be found at:
<http://intranet.epa.gov/osrti/topics/pdf/FinalSignedCharterforSFSpecialAccountsSrMgmtCommittee.pdf>.

into a settlement concerning a site with EPA who then deposits the settlement funds into a special account for use at that site, as permitted under CERCLA section 122(b)(3).

Special accounts are site-specific, interest bearing sub-accounts within the Superfund Trust Fund used to fund site-specific work. The Agency's goal for the establishment and use of special accounts is to ensure responsible parties pay for cleanup by providing PRP settlement dollars to fund future response work. Through the use of special accounts, appropriated Trust Fund resources can be conserved for sites where PRP resources are not available. Multiple offices in the regions and Headquarters have responsibility for the establishment and management of special accounts.

The establishment, planning, and use of special accounts require extensive coordination among the regions and Headquarters offices. In order to further improve management, transparency, and accountability among the offices involved with special accounts, the SASMC was officially established in April 2009 by the leaders of the Office of Solid Waste and Emergency Response (OSWER), Office of Enforcement and Compliance Assurance (OECA), Office of the Chief Financial Officer (OCFO), Region 7 (Superfund Lead Region), and Region 8 (Management Lead Region).

Current members of the SASMC are the Directors for OSWER's Office of Superfund Remediation and Technology Innovation (OSRTI), OECA's Office of Site Remediation Enforcement (OSRE), OCFO's Office of Financial Management (OFM), Office of Budget (OB), and Office of Financial Services (OFS), the Region 6 Superfund Division, and the Region 2 Office of Policy and Management. The Director of OSRTI serves as the Chair of the Committee.

Status of Special Accounts

At the end of FY 2013, a balance of \$1.7 billion was available for obligation in 993 open site-specific accounts (see Attachment 1). Since the inception of special accounts through the end of FY 2013, the EPA has collected approximately \$4.1 billion from PRPs and earned approximately \$412.9 million in interest. In addition, EPA has transferred over \$23 million to the Superfund Trust Fund. More than \$2.4 billion has been disbursed to finance site response actions and over \$270 million has been obligated but not yet disbursed from special accounts.

In FY 2013, approximately \$220 million was disbursed from special accounts for site response work (excluding reclassifications). For the second year in a row since the establishment of special accounts, the cumulative end of year available balance in special accounts decreased from the prior end of year cumulative available balance as a result of more funds disbursed and obligated from special accounts than receipts and interest deposited. In addition, since the end of FY 2009 EPA has obligated or disbursed approximately \$1,153 million from special accounts (including reclassifications), a 72% increase from the total amount that had been obligated or disbursed from special accounts at the end of FY 2009 (see Table 1).

It is also important to note that a portion of the interest earned in FY 2013 on special account funds was sequestered due to the Budget Control Act of 2011. The special account interest sequestered in FY 2013 is available for obligation and disbursement in FY 2014. However, a portion (7.2%) of special account interest earned in FY 2014 will be sequestered, and not available for obligation or disbursement until FY 2015.

**Table 1: Summary Special Account Financial Data
End of Fiscal Year (EOFY) 2009 to EOFY 2013**

<i>\$ in Millions</i>	Cumulative EOFY 2009	FY 2010 Activity	FY 2011 Activity	FY 2012 Activity	FY 2013 Activity	Cumulative EOFY 2013	Change from EOFY 2009 to EOFY 2013	% Change from EOFY 2009 to EOFY 2013
Net Receipts & Interest Earned	\$2,953.2	\$727.0	\$360.0	\$227.6	\$186.4	\$4,454.2	\$1,501.0	51%
Net Disbursements and Obligations	\$1,610.5	\$274.5	\$343.6	\$276.0	\$259.1	\$2,763.8	\$1,153.3	72%
Available for Obligation	\$1,342.7	\$1,795.2	\$1,811.5	\$1,763.1	\$1,690.3	\$1,690.3	\$420.4	31%
Change in Amount Available for Obligation from Prior FY		\$452.5	\$16.3	(\$48.4)	(\$72.8)			

Summary of 2013 Activities

The SASMC is responsible for overall oversight and management of special accounts. In calendar year 2013, the SASMC monitored the status of special accounts and ensured that each member office fulfilled its responsibilities under the Superfund Special Accounts Management Strategy.²

The SASMC meetings provide a venue for senior managers to meet face-to-face to discuss and resolve issues related to special accounts. The SASMC met on January 30, 2013 and July 24, 2013. Topics that were discussed at these meetings included:

- the implementation of actions for special accounts identified in the Superfund Remedial Program Review;
- exploring the possibility to use special accounts for indirect costs;
- developing a pilot to use special account funds for site-specific laboratory analysis funded through the Contract Laboratory Program (CLP) and Environmental Services Assistance Teams (ESAT);
- clarifying how special account reclassifications may affect state cost share;
- the Superfund program's transition from the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) to the Superfund Enterprise Management System (SEMS); and,
- accessing financial assurance vehicles under unilateral administrative orders (UAOs).

Monitoring Special Accounts

In accordance with the Monitoring Plan for Special Account Planning Data, regional work planning and mid-year review sessions of planned uses for available special account funds were conducted in FY 2013. OSRTI and OSRE updated the CERCLIS Instruction Guide for Entering Planning Data in the Special Account Management Screen in March 2013 and September 2013 to improve the quality of planning data entered in CERCLIS and address issues identified in previous data reviews.

² The Superfund Special Accounts Management Strategy for 2013-2015 was issued March 15, 2013 and can be found at http://www.epa.gov/superfund/pubs/pdfs/Superfund_Special_Accounts_Management_Strategy_for_2013-2015.pdf.

OSRTI and OSRE staff worked with the regions to prepare for the migration of special account planning information from CERCLIS to SEMS in the fall of 2013. This involved preparing a Special Account User Guide and conducting User Acceptance Testing (UAT) for the Special Account Management screen and reports in SEMS.

The SASMC received analysis in preparation for their semi-annual meetings on the regions' plans for using special accounts and provided direction, as appropriate, to staff for further analysis and monitoring. Areas of particular focus by Headquarters during planning data reviews in 2013 included: accounts 10 years old or more, accounts with more than \$1 million available, and accounts with less than 30% utilization, as well as use of specific planning fields such as the "Protectiveness Contingency" field.

As part of the work planning process conducted in the fall of 2013, OSRTI provided to the regions a list of special accounts with more than \$1 million available and a list of special accounts with no disbursement or obligation activity in the past 5 years. Regional Superfund Division Directors reviewed plans for the use of these accounts to ensure effective utilization of funds.³

OCFO's Cincinnati Finance Center (CFC) conducted reviews of special accounts with negative balances and notified regions of corrective actions required to address the negative balances for each quarter in FY 2013. Beginning in January 2014 through September 2014, CFC will conduct reviews of special accounts with negative balances on a monthly rather than quarterly basis to more effectively monitor accounts.

Reclassifications, Transfers to the Trust Fund, and Account Closures

In 2013, OSRTI monitored the accomplishment of reclassifications, transfers to the Trust Fund, and account closures planned in CERCLIS by the regions for special accounts. In FY 2013, more than \$39 million was reclassified in 45 accounts, \$1.8 million of receipts were transferred to the Trust Fund in 15 accounts, and \$2.3 million of interest earned was returned to the Trust Fund in 35 accounts. In addition, 51 special accounts were closed. OSRTI and OSRE reviewed a total of 64 accounts with a special account reclassification, transfer to the Trust Fund, and/or closure in FY 2013. OSRTI provided to the regional Superfund Division Directors and the SASMC quarterly status reports of the plans and accomplishments for these actions in FY 2013.

The policy for recertifying funds made available from special account reclassifications was revised for FY 2013. In FY 2013, funds in the Superfund Remedial and Superfund Emergency Response and Removal programs made available as a result of a special account reclassification were recertified 75 percent to the respective national pools, and 25 percent recertified to the RPIO that executed the original expenditure, unless an exception was made on a site-specific basis. Prior to FY 2013, up to \$1 million was recertified to the RPIO that executed the original expenditure, and any amount above \$1 million was recertified 75 percent to the respective national pool and 25 percent to the RPIO that executed the original expenditure.

³ See the memorandum, "Effective Utilization of Superfund Special Accounts" (April 2, 2012) available at: http://www.epa.gov/superfund/pubs/pdfs/SF%20Special%20Accounts_Effective%20Utilization%20Memo.pdf.

Reporting Special Account Information Publicly

The SASMC committed to report special account financial and planning information in a public, transparent manner in response to the OIG and congressional requests. Special account financial and planning information was released with the FY 2014 EPA Annual Performance Plan and Congressional Justification on April 10, 2013.⁴ In response to a request from Congress, EPA incorporated the Superfund special account exhibit into the Superfund section of the Congressional Justification, added a new table to the exhibit showing the available balance at the beginning and end of year, receipts, interest, obligations, reclassifications, and transfer to the Trust Fund for prior year, current year, and budget year, and included a separate table that breaks out the prior year data outlined above by EPA region.

In addition, a summary of the financial status of special accounts at the end of FY 2013 has been updated on EPA's special accounts page on the Internet. This information is updated at least annually.

Communication, Training and Outreach

Special accounts were discussed at the Superfund Virtual Cost Recovery Conference held May 21-23, 2013. A special account refresher training was provided for attendees that included how special accounts are established, how they can be used, and where special account financial information can be found.

Bi-monthly national conference calls were held to ensure regional and Headquarters staff coordinated on issues and information was shared among special account contacts. Staff of the SASMC held conference calls in 2013 on a monthly basis to coordinate and provide transparency among offices on activities related to the management of special accounts.

In an effort to provide more information on special accounts with external parties (e.g., reporters, Congress, etc.), the SASMC directed staff to develop a fact sheet and frequently asked questions for special accounts. The special account fact sheet and frequently asked questions were finalized December 2013 and posted on the Internet.⁵

Guidance and Documents

On March 15, 2013, OSRTI issued the "Superfund Special Accounts Management Strategy for 2013-2015" on behalf of the SASMC. The strategy was updated to reflect priorities for managing special accounts from 2013 to 2015, and will be updated again in 3 years.

On September 13, 2013, the "Change to Requirements for Notifying Headquarters of Intent to Establish or Deposit Funds in a Special Account When the Agreement is Silent on Special Accounts" memorandum was issued.⁶ This memorandum requires regions to place a note in the site file if they establish a special account pursuant to an agreement that is silent on the use of special accounts, but the

⁴ The status of special accounts at the end of FY 2012 can be found on pages 719-724 of EPA's FY 2014 Annual Performance Plan and Congressional Justification at: <http://www2.epa.gov/planandbudget/fy2014>.

⁵ The "Superfund Special Accounts" fact sheet can be found at:

http://www.epa.gov/superfund/pubs/pdfs/Special_Accounts_Internet_Fact_Sheet_Final.pdf. The "Special Account Frequently Asked Questions" document can be found at:

http://www.epa.gov/superfund/pubs/pdfs/Special_Account_FAQs_Internet_Final.pdf.

⁶ The "Change to Requirements for Notifying Headquarters of Intent to Establish or Deposit Funds in a Special Account When the Agreement is Silent on Special Accounts" (September 13, 2013) memorandum can be found at:

http://www.epa.gov/superfund/pubs/pdfs/Change_to_Requirements_for_Notifying_HQ_of_Intent_to_Establish_or_Deposit_Funds_in_a_SA_2013.pdf.

region is no longer required to notify Headquarters of the establishment of the account. This memorandum was issued to streamline procedures for establishing special accounts.

On September 16, 2013, the fact sheets “Charging Payroll to Superfund Special Accounts” and “Managing Special Account Deposits” were issued.⁷ Their issuance is designed to encourage the use of Superfund special accounts to fund payroll costs associated with site-specific work, as well as provide clarification on when additional funds should be deposited into special accounts for future response work at a site.

Upcoming Activities in 2014

In 2014, activities of the SASMC will include:

- Issuance of a memo encouraging the use of Superfund special accounts to pay for EPA costs incurred to oversee potentially responsible parties conducting work at Superfund sites;
- Providing a report to Congress requested in the explanatory statement accompanying the FY 2014 Omnibus appropriations bill on re-prioritizing the use of special account funds and alternative uses for these funds;
- Updating the Special Account Data Monitoring Plan to include an annual review by regional Superfund Division Directors of special accounts with less than \$25,000 available for possible closure;
- Monitoring accomplishment of planned reclassifications, transfers to the Trust Fund, and account closures;
- Monitoring negative balances in special accounts and identifying corrective actions to address;
- Ensuring special account planning and reporting capabilities are available and troubleshooting issues due to the transition from CERCLIS to SEMS; and,
- Monitoring plans for utilizing special account funds.

Conclusion

The establishment of the SASMC has focused the Agency’s management of special accounts by opening up lines of communication among all of the Offices that play a critical role in the Agency’s management of this important resource. The structure of the SASMC also ensures that senior managers remain focused on this resource and work to ensure efficient and appropriate use of special account funds. We look forward to continuing to work together in 2014 and anticipate more improvements in the Agency’s management of special accounts in the future.

If you have any questions or concerns regarding this report, please feel free to contact me at (703) 603-8722 or woolford.james@epa.gov, or you may discuss with your office’s representative(s) to the SASMC.

Attachment

cc: Barry Breen, OSWER
Rafael DeLeon, OECA/OSRE

⁷ The “Charging Payroll to Superfund Special Accounts” fact sheet can be found at: <http://intranet.epa.gov/oeca/osre/workgroup/sa-docs/sa-payroll-fs-2013.pdf>. The “Managing Special Account Deposits” fact sheet can be found at: <http://intranet.epa.gov/oeca/osre/workgroup/sa-docs/sa-deposits-fs-2013.pdf>.

Stefan Silzer, OCFO/OFS
 Carol Terris, OCFO/OB
 Jeanne Conklin, OCFO/OFM
 Carl Edlund, Region 6
 Donna Vizian, Region 2
 Nigel Simon, OSWER/OPM
 Lawrence Stanton, OSWER/OEM
 Reggie Cheatham, OSWER/FFRRO
 Barnes Johnson, OSWER/ORCR
 Superfund National Policy Managers, Regions 1-10

Region 1	2012	2011	2010
Region 2	2012	2011	2010
Region 3	2012	2011	2010
Region 4	2012	2011	2010
Region 5	2012	2011	2010
Region 6	2012	2011	2010
Region 7	2012	2011	2010
Region 8	2012	2011	2010
Region 9	2012	2011	2010
Region 10	2012	2011	2010



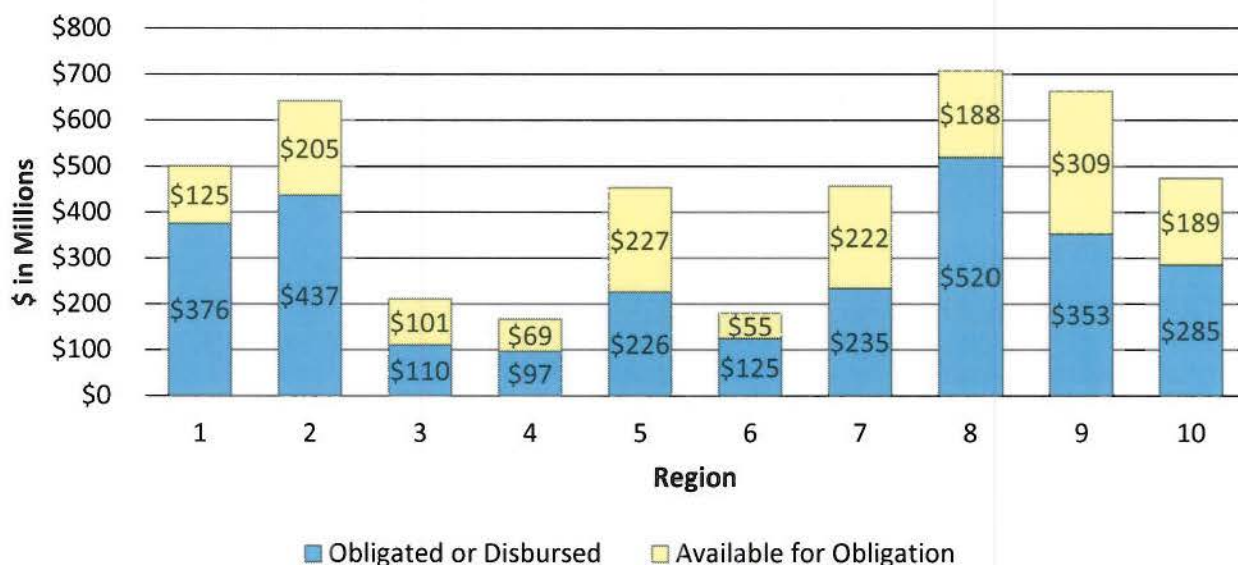
Attachment 1 Special Accounts Quarterly Management Report – End of FY 2013

National Status of Special Accounts (as of October 1, 2013)

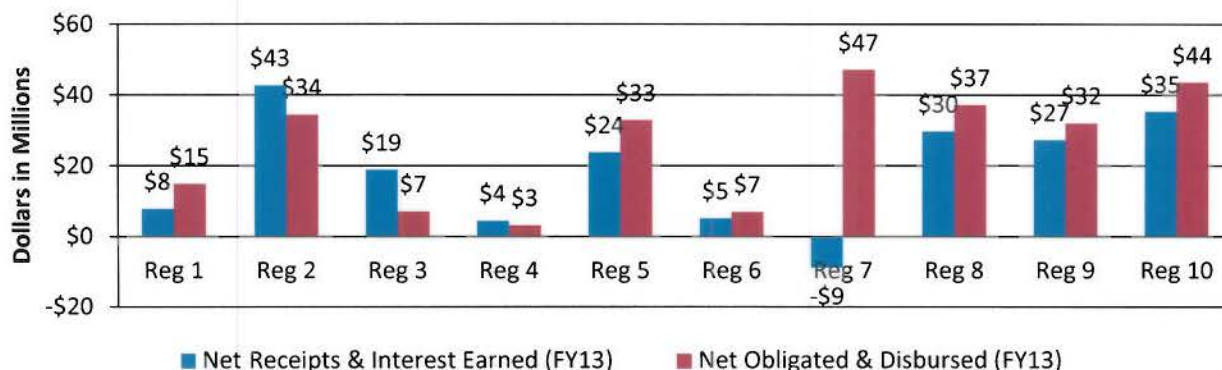
\$ in Millions

	Cumulative thru FY 2012	FY 2013 Activity	Cumulative thru 10/1/13
Open and Closed Accounts			1,208
Open	1,011	33	993
Closed	164	51	215
Financial Status Summary			
Receipts Collected	\$3,889.2	\$175.8	\$4,065.0
Net Interest Earned	\$400.5	\$12.3	\$412.9
Receipts Transferred to the Trust Fund	\$22.0	\$1.8	\$23.7
Net Collections and Interest	\$4,267.8	\$186.4	\$4,454.2
Disbursements (includes Reclassifications)	\$2,235.0	\$258.7	\$2,493.8
Unliquidated Obligations	\$269.7	\$0.4	\$270.1
Net Disbursements and Obligations	\$2,504.7	\$259.1	\$2,763.8
Available for Obligation	\$1,763.1	-\$72.8	\$1,690.3
Reclassifications			
Total Reclassifications Planned	N/A	\$65.2	-
Reclassifications Accomplished	\$257.3	\$39.2	\$296.5
Funds Made Available for Appropriation			
Transfers Planned	N/A	\$4.8	-
Receipts Transferred	\$22.0	\$1.8	\$23.7
Interest Reduced	\$13.3	\$2.3	\$15.6

Regional Special Account Utilization (Program to Date)



Receipts/Interest Earned & Obligations/Disbursements in FY 2013



Composition of Open Special Accounts by Amount Available

Funds Available for Obligation in Account	No. of Accounts		Sum of Funds Available for Obligation		Sum of Obligations	
Greater than \$10 Million	34	3%	\$941,336,888	56%	\$636,866,867	25%
Between \$1M and \$10 Million	195	20%	\$564,666,119	33%	\$830,267,377	33%
Between \$500K and \$1 Million	129	13%	\$92,539,882	5%	\$315,217,677	12%
Between \$250K and \$500K	140	14%	\$51,195,853	3%	\$108,183,986	4%
Between \$25K and \$250K	346	35%	\$40,632,360	2%	\$246,113,137	10%
Less than \$25K	149	15%	\$47,761	0%	\$393,960,621	16%
Total	993		\$1,690,418,864		\$2,530,609,665	

Special Accounts with the Most Available for Obligation (Top 15)

\$ in Millions

Current Rank	Last Qtr Rank	Reg	Account Number	Account Name	FY Acct Open	Receipts & Interest Earned	Pre FY 2013 Obs	FY 2013 Obs	Total Obligated/ Expended	% Oblig / Exp	Avail Bal
1	1	7	07ZY	OMAHA LEAD	2003	\$250.1	\$73.5	\$31.1	\$104.7	42%	\$145.4
2	2	9	0901	STRINGFELLOW	2001	\$123.0	\$31.9	\$0.3	\$32.2	26%	\$90.7
3	3	9	09CA	MONTROSE PV SHELF	2001	\$86.9	\$26.4	\$4.1	\$30.5	35%	\$56.4
4	4	5	059B06	ALLIED PAPER, INC./PORTAGE CREEK/KALAMAZOO RIVER	2010	\$54.9	\$0.0	\$0.0	\$0.0	0%	\$54.9
5	5	2	0256	COMBE FILL SOUTH LANDFILL	2006	\$68.6	\$10.8	\$5.0	\$15.8	23%	\$52.8
6	6	10	1020	BUNKER HILL-GENERAL	1990	\$85.5	\$23.5	\$12.4	\$35.9	42%	\$49.6
7	8	8	08BCRA	LIBBY ASBESTOS SITE	2008	\$249.3	\$177.9	\$27.3	\$205.1	82%	\$44.2
8	9	5	B54T	HEGELER ZINC	2010	\$39.0	\$1.1	\$0.1	\$1.1	3%	\$37.8
9	10	9	09M5	SAN GABRIEL VALLEY (AREA 2)	2002	\$31.2	\$0.7	\$0.0	\$0.7	2%	\$30.5
10	11	10	10F9	CB/NT ASARCO	2001	\$29.3	\$0.0	\$0.0	\$0.0	0%	\$29.3
11	13	8	087T	GILT EDGE MINE	2012	\$22.0	\$0.0	\$0.1	\$0.1	0%	\$21.9
12	14	2	024Q25	ONONDAGA LAKE	2012	\$21.0	\$0.0	\$0.0	\$0.0	0%	\$21.0
13	15	10	10H9	MOSES LAKE WELLFIELD CONTAMINATION	2005	\$23.4	\$3.0	\$0.6	\$3.6	15%	\$19.8
14	16	2	0208	BURNT FLY BOG	2001	\$18.3	\$0.5	\$0.0	\$0.5	3%	\$17.8
15	12	10	102B	MIDNITE MINE	2006	\$26.7	\$1.5	\$7.5	\$8.9	34%	\$17.7
Totals						\$1,102.4	\$349.3	\$81.0	\$430.3	39%	\$672.1

Financial data is as of October 1, 2013 from the Compass Data Warehouse.
FY 2013 planning data is as of April 23, 2013 from CERCLIS.

